

**United States District Court**

For the Northern District of California

**\*E-FILED 11/7/2008\***

NOT FOR CITATION

IN THE UNITED STATES DISTRICT COURT

FOR THE NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

VERIGY US, INC.,

No. C07-04330 RMW (HRL)

Plaintiff,

v.

ROMI OMAR MAYDER, WESLEY  
MAYDER, SILICON TEST SYSTEMS, INC.,  
and SILICON TEST SOLUTIONS, LLC,**ORDER (1) GRANTING IN PART AND  
DENYING IN PART PLAINTIFF'S  
MOTION TO COMPEL DOCUMENTS  
RE 4TH SETS OF REQUESTS FOR  
PRODUCTION; AND (2) GRANTING  
DEFENDANTS' MOTION TO QUASH  
SUBPOENA**

Defendants.

**[Re: Docket Nos. 296 and 319]**

Plaintiff Verigy US, Inc. ("Verigy") sues for alleged trade secret misappropriation. On October 21, 2008, this court heard Verigy's motion to compel documents. Defendants opposed the motion. Following the motion hearing, the parties filed a joint letter confirming that certain matters raised in the instant motion have been or will be resolved. Upon consideration of the moving and responding papers, as well as the arguments of counsel, this court grants the motion in part and denies it in part. Because defendants' separate motion to quash plaintiff's subpoena addresses issues identical to those raised here, this court will also grant that motion for the reasons stated below.

Plaintiff's motion to compel is deemed moot as to Request Nos. 68-69, 71, 81 and 82. The parties advise that these matters have been resolved.

1           As for the requests that remain in dispute (Request Nos. 54-67), the parties disagree  
 2 whether there has been a waiver of the attorney-client privilege and the attorney work product  
 3 immunity, such that defendants are obliged to produce responsive documents.

4           **A. Documents re the Mayder Declaration (Request Nos. 54-63)**

5           Verigy moves to compel the production of documents supporting or relating to  
 6 statements made in defendant Romi Mayder's declaration ("Mayder Declaration") filed in  
 7 support of defendants' motion for summary judgment and to modify the preliminary injunction.  
 8 In that declaration, Mayder essentially says that former defense counsel of the Mount &  
 9 Stoelker firm either failed to fully inform him about certain matters or told him that he could  
 10 continue to conduct certain activities and still be in compliance with the court's temporary  
 11 restraining order ("TRO"). As originally briefed, the instant discovery dispute concerned  
 12 Verigy's contention that the Mayder Declaration effected a broad waiver of the attorney-client  
 13 privilege and the work product protection as to matters discussed in that declaration.<sup>1</sup>  
 14 Defendants argued that there has been no waiver of any privilege or protection – and that, even  
 15 if there was, the scope of any such waiver is not as broad as Verigy claims.

16           At the motion hearing, the parties advised that they have resolved their disagreement as  
 17 to the requested documents, save for one dispute, which was described to this court as a work  
 18 product issue. According to their post-hearing joint status report, the parties disagree whether  
 19 defendants should be compelled to produce "draft declarations and draft briefs sent to  
 20 Defendants or to third parties with whom there was no attorney/client privilege." (See Docket  
 21 #405). Defendants maintain that these documents contain information that go to the very heart  
 22 of the work product doctrine and that the documents are irrelevant in any event.

23           The work product doctrine protects from discovery materials prepared in anticipation of  
 24 litigation or for trial by or for another party or its representative. FED.R.CIV.P. 26(b)(3)(A); In

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25  
 26           <sup>1</sup> Unlike the attorney-client privilege (which belongs solely to the client), the  
 27 work product protection belongs to both client and attorney. See generally In re Special  
September 1978 Grand Jury (II), 640 F.2d 49, 63 (7th Cir. 1980) ("[T]he work product  
 28 doctrine may be asserted by both the client and the attorney . . ."); Doubleday v. Ruh, 149  
 F.R.D. 601, 606 n.6 (E.D. Cal. 1993) (noting "the commonly accepted law that the work  
 product privilege equally belongs to the attorney who prepared it, and not just the party for  
 whom it was prepared.").

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1       re Grand Jury Subpoena, 357 F.3d 900, 906 (9th Cir.2004) (“[T]he work product doctrine  
2       protects ‘from discovery documents and tangible things prepared by a party or his  
3       representative in anticipation of litigation.’”) (quoting Admiral Ins. Co. v. United States Dist.  
4       Court, 881 F.2d 1486, 1494 (9th Cir.1989)). Nevertheless, the protection afforded by the  
5       doctrine is qualified and may be overcome if the party seeking disclosure “shows that it has  
6       substantial need for the materials to prepare its case and cannot, without undue hardship, obtain  
7       their substantial equivalent by other means.” FED.R.CIV.P. 26(b)(3)(A)(ii).

8                “[T]he work product privilege is not automatically waived by any disclosure to third  
9       persons. . . . Rather, the courts generally find a waiver only if the disclosure ‘substantially  
10      increases the opportunity for potential adversaries to obtain the information.’” Samuels v.  
11      Mitchell, 155 F.R.D. 195, 201 (N.D. Cal. 1994) (quoting In Re Grand Jury, 561 F. Supp. 1247,  
12      1257 (E.D.N.Y. 1982)). “Consideration of whether work product protection has been waived  
13      requires a court to balance competing interests: ‘the need for discovery’ with ‘the right of an  
14      attorney to retain the benefits of his own research.’” SNK Corp. of America v. Atlus Dream  
15      Entertainment Co., Ltd., 188 F.R.D. 566, 571 (N.D. Cal. 1999) (quoting Handguards, Inc. v.  
16      Johnson & Johnson, 413 F. Supp. 926, 932 (N.D. Cal. 1976)). However, even when a court  
17      orders disclosure of work product material, it must protect against the disclosure of so-called  
18      “opinion work product” – that is, “the mental impressions, conclusions, opinions, or legal  
19      theories of a party’s attorney or other representative concerning the litigation.” FED.R.CIV.P.  
20      26(b)(3)(B). Under Ninth Circuit law, opinion work product is discoverable only if it is “at  
21      issue in a case and the need for the material is compelling.” Holmgren v. State Farm Mut.  
22      Auto. Ins. Co., 976 F.2d 573, 577 (9th Cir.1992) (“[a] party seeking opinion work product must  
23      make a showing beyond the substantial need/undue hardship test required under Rule 26(b)(3)  
24      for non-opinion work product.”).

25                Whether or not the work product protection applies equally to the draft briefs and draft  
26        affidavits at issue, Verigy has not managed to convince that these documents are relevant under  
27        Fed.R.Civ.P. 26(b)(1). Nor has it demonstrated a substantial need for them. Verigy argues that  
28        the documents are pertinent to the issue of Romi Mayder’s veracity and defendants’ willfulness

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1 generally; and, once the court issues its order on defendants' pending motion for modification  
2 of the preliminary injunction, plaintiff says that the documents sought will be relevant to any  
3 appeal or motion for reconsideration of that order. But the briefing and hearing on the motion  
4 associated with the Mayder Declaration are over. That matter is now submitted, and Verigy  
5 evidently could have, but did not, pursue the disputed discovery in a manner that would allow  
6 any information obtained to be used in opposing that motion. Moreover, there is no indication  
7 on the record presented that the requested documents are the only means by which plaintiff can  
8 proceed with its claims or defenses. Instead, Verigy essentially says that having the information  
9 would be helpful to its case. This does not strike the court as a compelling need, or even a  
10 substantial one, for the documents sought. Accordingly, plaintiff's motion to compel as to the  
11 draft briefs and draft affidavits is denied.<sup>2</sup>

12 **B. Documents re the Schneck Declaration (Request Nos. 64-67)**

13 Thomas Schneck is identified as defendants' patent counsel. In October 2007,  
14 defendants filed his declaration ("Schneck Declaration") in support of their opposition to  
15 plaintiff's then pending motion for a preliminary injunction. Briefly stated, Schneck says that  
16 he met with defendant Romi Mayder and third party Robert Pochowski to discuss a new  
17 business venture – Silicon Test Solutions – and subsequently prepared a provisional patent  
18 application based on a patent disclosure document he received from Pochowski.<sup>3</sup> In essence,  
19 Schneck testifies that certain information cannot constitute a trade secret because it is well  
20 known and publicly available.

21 While there appears to be no dispute that the attorney-client privilege and work product  
22 protection applies to the documents in dispute, Verigy contends that any privilege or protection  
23 has been waived by statements made in Paragraphs 10-21 of the Schneck Declaration. It now

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24       <sup>2</sup> Verigy also subpoenaed Mount & Stoelker for the very same documents, and  
25 defendants moved to quash that subpoena. (See Docket #296). This court assumes that the  
26 only remaining issues as to defendants' motion to quash are the ones addressed here in  
connection with plaintiff's motion to compel. Accordingly, defendants' motion to quash is  
27 granted for the same reasons stated above.

28       <sup>3</sup> Pochowski is not a party to the instant lawsuit. However, the Schneck  
Declaration indicates that, at the time of the events discussed in the declaration, Pochowski  
represented himself to be a vice president of Silicon Test Solutions.

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1 moves to compel all documents – including all communications between Schneck’s firm and  
2 defendants and all fact and opinion work product – relating to matters discussed in the  
3 declaration. Defendants maintain that there has been no waiver of any privilege or work  
4 product protection – and that, even if there was, Verigy seeks documents beyond the scope of  
5 any waiver.

6 “The doctrine of waiver of the attorney-client privilege is rooted in notions of  
7 fundamental fairness.” Tennenbaum v. Deloitte & Touche, 77 F.3d 337, 340 (9th Cir.1996).  
8 “Its principal purpose is to protect against the unfairness that would result from a privilege  
9 holder selectively disclosing privileged communications to an adversary, revealing those that  
10 support the cause while claiming the shelter of the privilege to avoid disclosing those that are  
11 less favorable.” Id. at 340-41 (citing 8 J. WIGMORE, EVIDENCE § 2327, at 636 (McNaughton  
12 rev.1961)). Nonetheless, “the disclosure of information resulting in the waiver of the attorney-  
13 client privilege constitutes waiver ‘only as to communications about the matter actually  
14 disclosed.’” Chevron Corp. v. Pennzoil Co., 974 F.2d 1156, 1162 (9th Cir.1992) (quoting Weil  
15 v. Investment/Indicators, Research & Mgmt., Inc., 647 F.2d 18, 25 (9th Cir.1981)).

16 Having carefully reviewed the unredacted version of the Schneck Declaration, this court  
17 finds that, for the most part, there has been no waiver of the attorney-client privilege. On the  
18 whole, Schneck reveals facts about his communications with defendants, but he does not  
19 disclose significant, substantive components of the communications themselves. Cf. Electro  
20 Scientific Indus., Inc. v. General Scanning, Inc., 175 F.R.D. 539, 543 (N.D. Cal. 1997) (finding  
21 that the attorney-client privilege was waived where important, substantive components of  
22 communications had been voluntarily disclosed). Nevertheless, the Schneck Declaration does  
23 disclose evidently privileged email correspondence with Pochowski “regarding details of his  
24 inventorship.” (See Schneck Decl., ¶ 10 and Ex. C). And, without revealing confidential  
25 matters under seal, this court finds that Paragraph 16 of the Schneck Declaration also reveals a  
26 substantive component of what apparently were privileged communications about a particular  
27 matter which is also the subject of Verigy’s Request No. 67. Thus, there has been a waiver of  
28 the attorney-client privilege, but that waiver will be limited as discussed below.

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1       “Waiver of the attorney-client privilege, however, does not necessarily lead to waiver of  
2 work product immunity.” SNK Corp., 188 F.R.D. at 571. This court rejects defendants’  
3 primary argument that the work product issue is “moot” because Verigy allegedly served its  
4 discovery requests on the wrong defendant. There is no dispute that defendant Romi Mayder, a  
5 principal of the corporate defendants, has been responding to all discovery matters on their  
6 behalf.

7       At the same time, however, Verigy has not demonstrated that it has a substantial need  
8 for the work product documents sought. It contends that Schneck’s conclusion that the  
9 provisional patent application does not contain trade secret information is directly relevant to  
10 the issue whether defendants misappropriated Verigy’s claimed trade secrets and incorporated  
11 them into their Flash Enhancer product. Relying primarily on Aclara Biosciences, Inc. v.  
12 Caliper Techs Corp., No. C99-1968, 2001 WL 777083 (N.D. Cal., June 16, 2000), plaintiff  
13 argues that defendants cannot use Schneck’s conclusions to affirmatively promote their own  
14 interests in this litigation, while withholding as work product other documents pertaining to the  
15 same subject matter. At oral argument, plaintiff further asserted that Schneck essentially  
16 expresses an expert opinion and that all bases for his conclusions are therefore open to  
17 discovery as they would be with respect to any other testifying expert. This court is  
18 unpersuaded.

19       In Aclara Biosciences, a patent infringement case, the court granted a motion to compel  
20 because it concluded that the moving party would be entirely unable to proceed with its  
21 inequitable conduct defense without discovery of work product documents. 2001 WL 777083  
22 at \*9. Here, by contrast, defendants used the Schneck Declaration in their opposition to  
23 plaintiff’s motion for preliminary injunction – a motion which was briefed, heard, submitted  
24 and decided (largely in plaintiff’s favor) long ago. Moreover, at oral argument, defendants  
25 represented to the court that Schneck is not being offered as an expert and that they have no  
26 intention of using him at trial. Accordingly, the court finds that Verigy has not demonstrated a  
27 substantial need under Fed.R.Civ.P. 26(b)(3) for the requested work product documents.  
28 Nevertheless, the court will, as a matter of fairness, permit discovery of any fact work product

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1 (e.g. attorney notes, memoranda, and the like) which reflect attorney-client communications  
2 being ordered produced.

3 Based on the foregoing, plaintiff's motion to compel as to Request Nos. 64-67 is granted  
4 in part and denied in part as follows:

- 5 1. The motion is granted as to Request No. 66, but only as to any documents which  
6 constitute, comprise or reflect attorney-client communications concerning  
7 Exhibits B and D to the Schneck Declaration. Defendants need not produce any  
8 opinion work product which may be responsive to this request.
- 9 2. The motion is granted as to Request No. 67, but only as to any documents which  
10 constitute, comprise or reflect attorney-client communications sought by that  
11 request. Defendants need not produce any opinion work product which may be  
12 responsive to this request.
- 13 3. Plaintiff's motion is denied in all other respects.
- 14 4. Defendants' document production shall be made within ten days from the date of  
15 this order.

16 SO ORDERED.

17 Dated: November 7, 2008



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19 HOWARD R. LLOYD  
20 UNITED STATES MAGISTRATE JUDGE  
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